

[5th March 1926]

APPENDIX II.

[Vide item II Communications to the Council at page 179 supra.]

G.O. No. 8, Development, dated 4th January 1926.

READ—the following papers :—

I

Letter from E. F. THOMAS, Esq., C.I.E., I.C.S., Director of Industries, to the Secretary to Government, Development Department (through the Accountant-General, Madras), dated the 26th October 1925, No. 344-E/25.

I have the honour to forward herewith the balance sheet of the Fruit Preserving Institute, Coonoor, for the quarter ending 30th June 1925, together with the relative profit and loss account received from Messrs. Fraser and Ross with their letter, dated the 14th October 1925, from which it will be observed that the Institute has sustained a loss of Rs. 4,400-3-11 during the quarter. My remarks on the balance sheet, etc., will be forwarded to Government separately.

ENCLOSURE

Letter from Messrs. FRASER & ROSS, Chartered Accountants, Commercial Accountants and Auditors to the Government of Madras, to the Director of Industries, Madras, dated 14th October 1925

[*Government Fruit Preserving Institute, Coonoor.*]

We have the honour to hand you herewith in duplicate the balance sheet of the above as at 30th June 1925 together with the relative profit and loss account for the quarter ending that date, one copy of which please forward to the Secretary to the Government of Madras, Development Department.

2. For your information we give below the 'Output,' the 'Cost of Production' and the 'Sales,' of the corresponding quarter in the previous year compared with those of the quarter under review :—

	Current year.	Last year.
Output	2,237 lb.	11,049 lb.
Cost of production..	Rs. 2-10-13 per lb.	Rs. 1-1-16 per lb.
Sales	6,288 lb.	13,610 lb.

3. In addition to a sum of Rs. 47-7-9 shown as bad debts in the balance sheet Rs. 405-4-6 due by another and shown under 'Good Debts' appears to be doubtful. No provision has been made in the accounts for bad and doubtful debts.

Kindly acknowledge receipt of the enclosures.

SUB-ENCLOSURES

(1)

GOVERNMENT FRUIT PRESERVING INSTITUTE, COONOR.

Balance Sheet as at 30th June 1925.

CAPITAL AND LIABILITIES.

	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Capital—									
Government of Madras—									
Balance as per balance sheet as at 31st March 1925.				1,54,536	15	5			
Add— Withdrawals as per contingent bills.				3,667	2	11			
				1,58,204	2	4			
Less—Remittances into Treasury.	4,017	10	6						
Adjustment of credit note from Jos. Rhodes & Sons.	69	13	0	4,087	7	6			
				1,54,116	10	10			
Add—Reserve for expenses—									
Direction charges.				125	0	0			
Audit and organization.				200	0	0			
							1,54,441	10	10
Liabilities—									
For expenses ..				1,138	0	0			
For customers' credit balances.				13	15	0			
							1,151	15	0
Carried forward ..				1,55,593	9	10			

PROPERTY AND ASSETS.

	RS.	A.	P.	RS.	A.	P.
Fixed capital expenditure—						
Land—						
As per balance sheet as at 31st March 1925.	9,309	5	3			
Add—Incidental expenses re : acquisition of Land.	57	2	0			
				9,366	7	3
Buildings—						
As per balance sheet as at 31st March 1925.	45,355	12	2			
Less—Depreciation to date	4,402	12	2			
				40,953	0	0
Plant and Machinery—						
As per balance sheet as at 31st March 1925.	20,728	6	7			
Less—Value of credit note from Jos. Rhodes & Sons.	69	13	0			
	20,658	9	7			
Less—Depreciation to date	3,575	9	7			
				17,083	0	0
Office furniture—						
As per balance sheet as at 31st March 1925.	2,793	15	4			
Less—Depreciation to date	404	15	4			
				2,391	0	0
Water-supply—						
As per balance sheet as at 31st March 1925.	3,036	15	0			
Less—Depreciation to date	425	15	6			
				2,611	0	0
Carried forward ..				72,404	7	3

5th March 1926]

APPENDIX

243

[5th March 1926]

Balance Sheet as at 30th June 1925—*cont.*CAPITAL AND LIABILITIES—*cont.*

	RS.	A.	P.
Brought forward	1,55,593	9	10

PROPERTY AND ASSETS—*cont.*

	RS.	A.	P.		RS.	A.	P.		RS.	A.	P.
				Brought forward	72,404	7	3				
Road at original cost	387	14	0					
Less—Depreciation to date	49	10	0					
									338	4	0
Utensils, as per valuation						692	13	6
Laboratory, as per valuation						703	2	6
Library, as per valuation						106	0	0
Garden Account						521	8	0
Loose tools, as per valuation						148	8	6
Stores stock, at cost						12,906	5	9
Stationery stock, at cost						375	1	7
Stock in trade—											
14,240 lb. at As. 7 per lb. in containers				6,230	0	0					
at the factory											
57 lb. at As. 7 per lb. in containers				24	15	0					
at Agricultural Show room											
59 lb. at As. 7 per lb. in containers				25	13	0			6,280	12	0
at Tanjore exhibition.											
Book debts—											
Considered good	1,863	10	6					
Considered doubtful	47	7	9			1,911	2	3
Cash and other balances—											
Stamps in hand	100	0	6					
Cash in hand	287	3	6					
Imprest cash	..	215	0 0								
Less—Amount spent	..	16	9 3								
				198	6	9			585	10	9
Profit and Loss Account—											
As per Balance Sheet as				54,219	9	10					
at 31st March 1925.	..										
Add—Loss as per Profit	..			4,400	3	11			58,619	13	9
and Loss Account.											
									1,55,593	9	10

1,55,593 9 10

Examined and found correct.

FRASER & ROSS, Chartered Accountants,
Commercial Accountants and Auditors to the
Government of Madras.

MADRAS,
14th October 1925.

(2)

Profit and Loss Account for the quarter ending 30th June 1925.

	Lb.	Per lb.	RS.	A.	P.	RS.	A.	P.	Lb.	Per lb.	RS.	A.	P.
		Annas.								Annas.			
To Stock on 1st April 1925	18,431	7-00				8,063	9	0	By Sales—				
„ Cost of Production—									In April 1925	1,555			
• Fruits			337	3	0				In May 1925	2,574			
• Sugar			238	6	0				In June 1925	2,400			
• Other raw materials			1	0	6					6,529			
Sundry Stores			239	8	11				Less Returns	241			
Containers			293	3	0					6,288	8-41	3,306	3 0
Fuel			45	1	6				„ Samples	24		10	8 0
Wages			684	15	8				„ Stock	6,312	7-00	6,280	12 0
Petties			22	12	0				„ Less	14,356	34-02	4,400	3 11
	2,237	13-32				1,862	2	7					
„ Office expenses—													
• Manager's pay			1,185	4	0								
• Staff salaries			817	3	0								
• Bonus to Manager			194	6	6								
• Travelling expenses			28	4	0								
• Advertisement			261	6	6								
• Packing and Transport			106	0	3								
• Printing and Stationery			50	12	7								
• Postages and Telegram			33	15	0								
• Samples			10	8	0								
		19-22				2,687	11	10					
„ Other Expenses—													
• Rates and Taxes			123	4	0								
• Repairs and Renewals			14	10	0								
• Experimental charges			28	6	0								
• Direction charges			125	0	0								
• Audit Fee Reserved			200	0	0								
• Loose Tools, Laboratory, Utensils, Library, Road, etc., written off.		4-25	103	12	6	585	0	6					

5th March 1926]

II

Letter from J. C. NIXON, Esq., Accountant-General, Madras, to the Secretary to Government, Development Department, dated Fort St. George, the 21st November 1925, No H.A. Comml. 9-1133.

- [Balance sheet of the Fruit Preserving Institute for the quarter ending 30th June 1925.]

Forwarded.

2. The withdrawals and remittances in the quarter according to the books of this office amounted to Rs. 3,826-10-11 and Rs. 3,624-1-6 against Rs. 3,667-2-11 and Rs. 4,087-7-6, respectively, shown in the balance sheet. The difference under withdrawals, viz., Rs. 159-8-0 is due to the travelling allowance of the chemical assistant paid in Madras in June 1925 not having been taken into account by the Auditors. If this is also taken into account, the loss in the quarter will be correspondingly increased.

3. The following statement gives the elements in the cost price during the past four quarters :—

	Quarter ending			
	30th September 1924.	31st December 1924.	31st March 1925.	30th June 1925.
	LB.	LB.	LB.	LB.
Quantity of jam produced ..	15,718	8,437	3,072	2,237
Cost of production per lb.—				
	AS.	AS.	AS.	AS.
Materials and wages	6.96	8.09	13.08	13.32
Office expenses	6.01	7.82	14.58	19.22
Other expenses	0.73	1.22	11.39	4.25
Depreciation	0.72	1.32	3.64	5.64
Total	14.42	18.45	42.69	42.43

4. It will be seen from the following figures that while the output in the quarter ending 30th June 1925 was only about a seventh of that in the quarter ending 30th September 1924, the expenditure on 'Fruits' was about a fourth and that on 'Wages' including 'Supervision' was about a half. The reasons for the disproportionately heavy expenditure under 'Fruits' and possibly under 'Wages' are not apparent.

Quarter.	Output.	Cost of fruits,			Wages including supervision.		
		RS.	A.	P.	RS.	A.	P.
30th September 1924 ..	15,718	1,298	8	8	1,208	12	6
31st December 1924 ..	8,437	955	9	1	783	9	6
31st March 1925 ..	3,072	809	9	8	703	9	7
30th June 1925 ..	2,237	337	3	0	684	15	8

[5th March 1926]

5. The doubtful debts continue the same as in the last quarter without any diminution.

III

Letter from E. F. THOMAS, Esq., C.I.E., I.C.S., Director of Industries, Madras, to the Secretary to Government, Development Department (through the Accountant-General, Madras), dated the 18th November 1925, No. 344-E/25.

In continuation of my letter No. 344-E/25, dated the 26th October 1925, I have the honour to forward herewith my remarks on the audit report on the accounts of the Fruit Preserving Institute, Coonoor, for the quarter ending 30th June 1925.

Output and cost of production—Paragraph 2 of the Auditor's report.—The quantity produced was 2,237 lb. as against 11,049 lb. during the corresponding quarter of the previous year. Owing to the large stock which had accumulated, production was limited to a minimum with a view to reduce the stock as far as possible in order to prevent its deterioration in quality. Therefore only such of the products as were out of stock or of which there was only a limited stock and such varieties of jam for the manufacture of which fruits can be had only during certain seasons were made. The large decrease in output was reflected in the increased cost of production per lb.

Sales.—Though the volume of sales, viz., 6,283 lb. during the quarter under review were considerably better than those of the previous quarter they were yet poor as compared with those of the corresponding quarter of the previous year. The falling off in demand is attributable to

(1) The influx of Australian and Holland jams which are offered at cheaper prices consequent on the advantageous exchange which has ruled in favour of importers;

(2) Prejudice against the quality and flavour of the Institute products: it is well known that persons accustomed to one quality and brand need considerable time and persuasion to abandon it in favour of a new line;

(3) Stoppage of credit system. Most of the customers were given long credit by the former Business Manager and that system has been stopped owing to the difficulty of collecting certain outstandings as a result of which some of the former customers have discontinued the purchase of the products of the Institute while others are purchasing only in smaller quantities.

5th March 1926]

Outstandings—Paragraph 3 of the Auditors' report.—Out of Rs. 1,911-2-3 shown under “Book debts” in the balance sheet, all except Rs. 493-2-3 has been collected. Necessary steps are being taken to recover these amounts. The small amounts such as 4 annas and 14 annas due from Messrs. Hankin and Bent, respectively, have been written off as already reported to Government in my letter No. 242-F/25, dated the 29th October 1925.

IV

Endorsement of the Accountant-General, No. H A. Comml. 9-1177,
dated the 1st December 1925.

Forwarded in continuation of this office endorsement No. H.A. Comml. 9-1133, dated 21st November 1925.

M. SUBRAMANYAM,
Deputy Accountant-General.

To the Secretary to Government, Development Department.

Order—No. 8, Development, dated 4th January 1926.

Recorded.

2. The Director is requested to report the reasons for the disproportionately heavy expenditure under office expenses, ‘fruit’ and ‘wages’ during the quarter.

(By order of the Government, Ministry of Development)

V. PANDRANG ROW,
Secretary to Government.

To the Secretary, Legislative Council, for placing the order on the Council Table